

**Introduction to Real Estate**  
**Chapter 6: The Selling Process**

**Standard:**    **The importance of selling in real estate.**  
                  (CIP #08.1701-0601)

- Objectives:**
- Identify why selling is necessary.
  - Discuss Maslow's Hierarchy of Needs and how it applies to real estate.
  - Identify preparation required to make an effective sales presentation.
  - Determine characteristics of a successful salesperson.
  - Identify general expenses of real estate agents.

## Importance of Selling in Real Estate

**Information:** The sales process is a critical part of the American way of life. Many products are available, but effective marketing is necessary to expose them to those who are ready, willing, and able to purchase. Not all individuals are natural sales people; however, those who desire may develop the skills necessary. Product knowledge (in this case, listings) is possibly the most important tool in making an effective presentation. A successful sales person must then practice the skills of overcoming sales resistance, and then ask for the close.

### Identify Why Selling is Necessary

Many people have the idea that a salesperson is someone who tries to sell people things they don't want. The fact is, salespeople help consumers fulfill wants and needs. Without salespeople the wheels of commerce would stop. Every product or service must be sold to be effective. Your attitude about your profession will have a strong bearing on your success. It is important that you see yourself and your profession as it really is—helping people fulfill housing needs and wants.

### How Maslow's Hierarchy of Human Needs Applies to Real Estate

Psychologist Abraham Maslow studied the needs of human beings. He discovered people have five different levels of needs. Maslow believed **lower-level needs have to be satisfied before upper-level needs can be addressed**. Understanding Maslow's theories can help real estate agents understand the importance of selling real estate—it satisfies the most basic level of human needs—shelter.

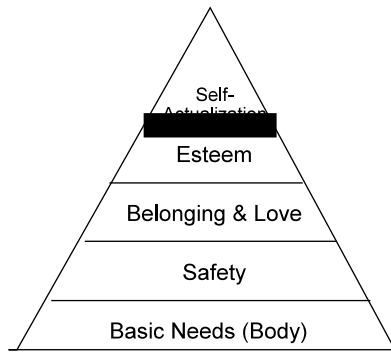
**Level 5—Self-Actualization:** The need to fully realize one's potential, to be the best person is capable of being, and to do work that is really suited to one's skills and interests.

**Level 4—Esteem:** The need for self-respect and for the esteem and respect of others and the desire for recognition as a skilled and useful human being.

**Level 3—Belonging and Love:** The need to be truly accepted by one's peers, the desire to be liked and loved, and the desire to give love and affection to others.

**Level 2—Safety:** The need to be safe from physical danger and to be assured of emotional security.

**Level 1—Basic Needs:** The need for satisfying bodily functions, such as needs for food and drink, shelter, warmth, and rest.



If a worker earns too little to afford adequate housing for his or her family, that individual will be motivated by financial needs more than prestige.

Can you think of other illustrations of how Maslow's theory works in selling real estate; dealing with safety, belonging, or esteem?

### Preparation Required to Make an Effective Sales Presentation

#### **Professionalism**

You will never get a second chance to make a first impression. The first few minutes you spend with your prospects will determine the quality of your relationship from then on. You are going to spend a lot of time with your client, take the time to get started properly.

Everyone likes to be treated professionally This doesn't mean formally, stiffly, or haughtily. "Professional" means to relate to your prospects in a knowledgeable, helpful manner, always keeping in mind that the most important things to prospects are THEIR needs, wants, and problems.

Daily contacts provide numerous listing opportunities when done on a consistent basis. In order to maximize your personal exposure in the real estate business, you should always **wear career apparel**—if you want to be a success, dress for success. **Business cards** are an excellent promotional tool. Let people you come in contact with know you are in the real estate business. "Minds are like parachutes—they only function when they are open." Other promotional ideas, such as **magnetic cards, car signs, mailers, etc.**, keep your name in front of the public.

#### **Effective and Persuasive Communication**

Nothing is less professional than poor communication—this means written as well as oral. The easiest way to convey a message to a prospective client or customer is by use of promotion, and in real estate one of the most effective promotional tools is a **personal letter**. Letters should be concise, reader-oriented, and provocative. **Personal notes** and **newsletters** are also a great way to keeping in contact with your clients and potential clients. If you are not a good writer, take classes now and practice, practice, practice.

Any written communication will be more effective with words used to persuade and motivate customers. The **12 most persuasive words** in the English language are:

Discover	Love
Easy	Money
Free	New
Guarantee	Proven
Health	Results
Save	You

*They are free to you, so use them to their full advantage.*

### **List all those in your Circle of Influence**

Your **circle of influence** (friends, relatives, acquaintances, past customers, or referrals—word of mouth) provide excellent opportunities because of the strong relationship you have with people in your own circle.

### **Tools of the Trade**

The **telephone** is the most time efficient way to make contact with clients and customers. Cell phones make it even easier to reach people who are always on the move. Phones are also the best way to contact the general public. Contacting someone with whom you are familiar with is called **warm canvassing**. This includes people in your target market areas as well as those on your “circle of influence” list.

**Computers** are also an effective real estate tool. With the advent of the internet, the Multiple Listing Service (MLS) is available on-line, and is updated daily, as opposed to when the MLS books were printed on a monthly basis. It’s a great idea to create your own website and place your listings on your page, as well as on the MLS site. Register your name with a variety of browsers with keywords to send interested buyers/sellers to your home page. The internet is widely used, especially by buyers who are out-of-town (or state) to begin the process of finding a new home. Realtors who’ve never learned how to use computers or the internet have found themselves out of touch, and out of work.

### **Personal Visits**

Personal visits involve canvassing door-to-door. These visits may be more appreciated if **combined with community service work**. It is usually easier to establish rapport during a face-to-face meeting than with any other method of contact.

### **There is no such thing as a bad contact!**

You will succeed if you are willing to take a risk. Virtually every homeowner is a potential seller. Depending on the economy, 14 to 25 of every 100 families move each year.

- Learn to be sensitive to situations likely to cause someone to develop a need to sell real estate. For example: most newspapers announce births, marriages, divorces, deaths, transfers of executives, promotions, etc.—ALL prime prospects.

### **Sales Procedures to Provide Top-rated Service:**

1. Show only one or two properties during the first appointment. This helps the agent better understand what it is they are looking for. Make arrangements for the second appointment.
2. Between the first and second appointment preview the listings which should meet their requirements and select the best of them (three of four). *Do not schedule more than three of four showings for any one day.* Prospects will not be able to remember what they have seen and you will have difficulty sustaining your enthusiasm. (The National Association of Realtors “NAR” reports the average number of showings for a “good” agent is 3.4 per sale.)
3. Make every effort to avoid becoming a “tour guide.” Not only is this unprofessional, it is time consuming, frustrating and counter-productive for you as well as for your prospect. Even if you must show many properties, taking them to only a few at a time will allow the prospect to absorb more information about them, and it will permit you to work with other prospects concurrently. Some successful salespeople recommend showing properties in ascending order of the desirability-showing the best ones last. This will give the prospect the opportunity for favorable comparison, and makes it easier to make a decision.
4. A well-organized plan (although always subject to change), will help put the prospects at ease with your professionalism. Some of the items that should become second nature to the job include:
  - Plan a route to the property which takes prospect past things important to him (schools, churches, community center, etc.). Make the trip as visually pleasing as possible.
  - Make sure your car is *neat and clean*. Park it as near the office entrance as you can. Before leaving the office inform the prospect that you will be going in one vehicle. This makes it easier and less expensive, and you will be able to explain some aspects about the area as you go. You will also be able to maintain control.
  - Check your briefcase. You should be able to make the sale wherever you are at anytime. Make sure you have all the necessary papers (ie. Purchasing agreement, etc.), listing information for each of the properties you will be showing, and a pad and pencil for the prospects so they can make notes on each home. When the prospect’s list of likes is obviously greater than dislikes about a specific home it is time to ask for the decision-the close.

## **Characteristics of a Successful Salesperson**

### **The prospect or client is looking to you for:**

- Expertise in real estate.
- Skill in handling their transaction.
- Understand and attention to their needs, wants, and problems.
- Empathy with their feelings and circumstances.
- Honesty and sincerity in your relationship with them.
- Information before, during, and after the transaction.
- Assistance in matters directly and indirectly affecting the transaction.

When you respect, care about, and look out for your prospects and clients, they will respect, care about, and look out for you. In short, you will get back what you give them.

Remember, your business is the vehicle for people to attain shelter, a desired lifestyle, status, security, or an investment.

### **Effective salespeople:**

1. Believe in the products and services they sell.
2. Believe the product has value.
3. Understands the features of the product (service), and knows how to turn those features into benefits.
4. Maintain a positive attitude.
5. Persistence and patience with others.
6. Has confidence in their knowledge and skills

Your confidence in how much you know and how well you perform will have a direct bearing on your success in real estate. And the only way you will gain that confidence is through continually increasing your knowledge and skills. There is no limit to the knowledge, skill and confidence you can acquire as a sales associate—unless you decide to limit yourself. No matter how knowledgeable or skillful you are right now, this is only the starting point for increasing your professional capabilities—capabilities which will build your self-confidence and increase the confidence sellers and buyers will have in you. Knowledge must be used in order to develop skill. And skill must be practiced in order to develop confidence.

Most salespeople have similar identifying personality traits. Most are very outgoing, social, energetic, enthusiastic, and self-confident. However, there are many jobs and industries associated with real estate which require all types of different personalities. From real estate sales to mortgage brokers; geotechnical engineering to building contractors.

### **The 80/20 Rule**

A healthy inventory of listings has been proven to result in the most sales. Listing control is critical in generating income. Real estate agents generally fall into two basic selling styles: The **passive style** where the agent waits for the customer to make the contact (accounts for agents generating 20% of the business; and the **active style**, referred to as direct selling, where the salesperson initiates the contact (accounting for agents with 80% of the business). Agents who apply the active style are in control of their income, because they are willing to put in the time and energy necessary to make their business a successful one.

There are also two type of agents; the **listing agent** and the **full service** agent. The listing agent is one who focuses most of their time and energy on garnering listings. They usually have an ad in the phone book for people to contact them, or call FSBO's (For Sale By Owner) properties to persuade the seller to use their marketing services for a small "listing fee" (aka commission). "*You pay me **only** if I sell your home.*" These type of agents rarely work with the buyers. Full service agents are exactly that; they offer all services from listing and marketing homes with the sellers, to locating property for buyers and spending time showing them. Both types of agents can do well financially if they actively pursue clients.

### **Listening**

Listening is a **vital part of survival**, not only in you private life, but also in the business world. During the course of a day, a real estate agent will have an opportunity to get to know and understand their customers better, and be better prepared to meet their needs if they **listen**. This starts from the initial encounter—either in person or on the phone of introductions. If you want to lose a customer quickly, forget their name. If you can establish a relationship of confidence—whether you are a manager or an agent—you will better get to know those from whom your survival depends.

- The following is a list of listening rules that all could benefit from.  
(Adapted from HUMAN BEHAVIOR AT WORK, Fifth Edition, by Keith Davis.

#### **Stop talking**

**You cannot listen if you are talking.**

#### **Put the person at ease**

Help a person feel free to talk; create a permissive environment.

#### **Show the person you are interested**

Look and act interested; listen to understand, not to oppose

#### **Remove distractions**

Don't doodle, tap, or shuffle papers; shut the door if necessary to achieve quiet.

#### **Empathize**

Try to see the other person's point of view.

**Be patient**

Allow plenty of time; do not interrupt; don't start for the door or walk away.

**Hold your temper**

An angry person takes the wrong meaning of words.

**Go easy on an argument**

Don't put people on the defensive and cause them to “clam up” or become angry; do not argue—even if you win, you lose.

**Ask questions**

This encourages a person and shows that you are listening; it helps to develop points further.

**\*\*Stop talking**

This is first and last, because all other guides depend on it; you cannot do an effective listening job while you are talking.

<b>Real Estate Start Up Costs</b>	
Getting Your License	Cost
Schooling	\$325
State Testing Fee (includes National test)	\$68
State License	\$124
Board of Realtors	Cost
Membership (WCBR, UAR, NAR)	\$225
Dues (Annual)	\$330
MLS (Monthly)	\$30
Lockbox Key	\$69
Lockbox (Ea)	\$75
PSF Contribution	\$25
ERA Brokers Consolidated	Cost
Cards (1000) Color Photo	\$70
Name Riders (12)	\$70
Name Badge	\$15
Car Signs (2)	\$20
Apparel	\$150
<b>TOTAL</b>	<b>\$1,596</b>

### **General Expenses of Real Estate Agents**

So you think you have what it takes to be a real estate agent, and now you're asking yourself what are my start-up costs? To become an agent, you first have to attend 90 hours of real estate school, pass a national and state exam, then pay your licensing fee with the Division of Real Estate (in the Department of Commerce). Once you place your license with a broker, there are other expenses to incur before you make your first dime.

The previous table lists start-up costs to become a real estate agent (*adapted from ERA Brokers Consolidated.*) Other costs must also be taken into consideration when calculating the expense of being a real estate agent. These expenses include:

- Food (Lunches and dinners for self and clients)
- Child Care
- Continuing Education and Training

### **PRACTICAL APPLICATIONS**

1. You have had the opportunity to interview for a sales associate position with a top real estate company in your community. One of the questions they asked you to answer is, "What do **you** believe are the characteristics of a successful salesperson?" Write your response.
2. You want to be a successful real estate agent. List what you believe to be **your strengths and weaknesses**. Evaluate each of them and determine how they will help you in your future success, or what you can do to strengthen your weak points.

## **Introduction to Real Estate**

### **Chapter 6: The Selling Process**

**Standard:**    **The steps of the selling process.**  
(CIP #08.1701-0602)

- Objectives:**
- Identify the steps in making a sale.
  - Determine what information should be included in a Comparative Marketing Analysis (CMA).

## The Steps in Making a Sale

**Information:** The purpose of the marketing presentation is to motivate buyers or sellers to work with you. To do this you must first prepare yourself, then begin the process of educating them about the opportunities available.

### Identify the Steps in Making a Sale

1. **Prospecting:** This is when you actively search for new clients. You may do this through advertising, word of mouth, door-to-door prospecting, over the telephone or internet. You may also use your **circle of influence**. These people provide excellent opportunities because of the strong relationship you have with those in your own circle. Prospects should be worked diligently, because they exhibit a high need for real estate services. **FSBO's (For Sale by Owners)** are the easiest group of people to identify of those who want to sell a house. **Expired listing** are also excellent sources of leads because they have already expressed an interest in working with an agent.

Those people who are the most likely to use your services are called your **target market**. All prospecting should be focused to this group, otherwise you will be spending your time and money chasing after dead leads.

2. **Greeting:** This is the opening. It may be done face-to-face, through direct mail, advertising, or over the phone. This is where you make your first—and lasting—impression.

An opening should be friendly and sincere. Be careful not to “pounce” on the prospective client as they enter the premises, but don’t ignore them either. If you are with someone else as the prospect enters, make eye contact with him and let him know you’ll be with him shortly.

In America, a solid, warm handshake (complete with eye contact) is vital; especially for women. A woman must not have a wimpy grip; it must be firm. It is a non-verbal form of communication that lets the receiver know this woman is a serious professional. Likewise, men must give a woman a firm handshake. Don’t treat a woman in a more “genteel” manner than a man. It is a non-verbal way of informing the woman she is not on the same level as you. Treat her as an equal and give her that firm handshake. Giving a “wet fish” handshake is distracting to the receiver, no matter if you are a man or woman. It gives off a poor first impression that the person is weak or can be easily manipulated. *(Other countries may have differing forms of greeting that are acceptable. If your client is from somewhere other than America, be familiar with their customs).*

3. **Qualifying:** This is where you determine the real estate needs, wants and problems of people in the marketplace, especially your prospective client. You must ask a lot of questions, and **listen** to the response.

It is extremely important, especially if you are representing a buyer, to qualify your client. Know how much the buyer can “qualify” for on their loan. There is no justifiable reason for showing property **before** you have qualified the prospect. Setting an appointment with the buying prospect is for the purpose of qualifying them—to help you help them figure out what they are really looking for. This session will:

- Discover the prospect’s true needs, wants and problems.
- Establish rapport.
- Convert prospects who think they can “do-it-myself.”
- Develop prospect loyalty.
- Save time by showing fewer homes.
- Eliminate objections before they surface.
- Present yourself and your company in a professional manner.

*The following are questions that should be asked of potential buyers:*

“Exactly what style of house are you looking for?”

“What are your minimum requirements as to bedrooms, bathrooms or garage size?”

“Have you pre-qualified for a loan? If so, what are your financial capabilities?”

“When do you want to move?”

**Sort out your prospects into three categories:**

- Hot (ready, willing and able)
- Warm (able and willing, but not ready)
- Cold (ready and willing, but not able; or none of the three.

4. **Products and Services:** Develop or find solutions to satisfy the prospects needs, wants and problems. These solutions are called products and services. In real estate the product is usually the property, the **service is you**.

How you view yourself and your profession is important. But how you view your prospects and clients is also important. Not only is self respect necessary to gain a positive response from people, but you must respect them as well. A prospect or client is “someone you serve,” NOT “someone you get something from.”

To competently select homes for prospects, a real estate agent needs a thorough knowledge of their marketplace. The real estate agent is looked to as a professional and is *expected* to be prepared to supply the customer with the information they want. If the

agent can't, or doesn't know where to get the correct information, the buyer can easily find someone who can.

The following are some of the items about an agent's marketplace that they should be familiar with:

- **Inventory.** Inventory is defined as *all* real estate for sale in an agent's primary market area.
- **Location** of the schools, churches, special services, shopping and transportation.
- **Tax base** for various communities if the area includes more than one incorporated division.
- **Area Demographics.** An agent should be familiar with the social structure of the community. Many young couples with children do not want to live in an area with mostly older families with grown children, and visa versa.
- **Local Financing** peculiarities. Many areas offer specially funded mortgage financing which is available in a limited set of circumstances.
- **Utility rates.**
  - Should agents know all the liens/encumbrances on a property? **NO**

Taking advantages of local estate caravan tours (usually held weekly in most real estate boards) is an excellent method of becoming familiar with the local market area. An agent who is willing to tour all of their company's listings before trying to sell will be far ahead of other's in their field.

5. **Features and Benefits:** Every property has its own unique features. It may be the view, the marble entryway, the number of bedrooms, baths or garage bays, the central vacuum system, or the location to shopping and schools. These are all features. They may not be self-evident, so they must be explained by the salesperson. The following are five possible features of a home:

**Features of a Home:**

- 1.) The plumbing and electrical have recently been updated.
- 2.) All the appliances are less than a year old.
- 3.) The yard has a full sprinkling system.
- 4.) The neighborhood is quiet.
- 5.) The windows are all thermal pane.

Each of these points can be fully developed as part of the complete sales

presentation, and can be organized in terms of the benefit the prospective buyer finds most important.

**Turning Features into Benefits:** As a salesperson, you need to know how to turn these features into benefits for the prospective buyer. An example; “This home is located one block from an elementary school. This allows your children to walk to school as opposed to spending hours on a bus or being driven by you.” The following are some benefits to the 5 features discussed above.

<b><u>Feature #</u></b>	<b><u>Benefit</u></b>
1	There should be no surprises because of old, worn out plumbing or electrical wiring.
2	The manufacturer’s warranties are still in effect; no unplanned repair or maintenance costs for awhile.
3	The sprinkling system will keep the lawn green while you sleep.
4	You can enjoy the summer evenings in the quiet of your own back yard.
5	The thermal pane windows will reduce your heating and air conditioning bills.

Resist the temptation to point out obvious features of a house. Pointing to the room with the refrigerator, range, dishwasher and sink while announcing, “This is the kitchen,” is unnecessary. Allow them to react to features which are important to them. You may point out something that is not important or that offends them. Don’t make the mistake of pointing out features you like rather than features the prospect likes.

6. **Presentation:** The delivering of solutions back to the people in the marketplace. The presentation may be in the form of a Comparative Market Analysis (CMA) given to your prospective listing (the seller), a persuasive advertisement, letter, or brochure, or a product demonstration. A product demonstration is usually in the form of a home tour to the prospective buyer, or a Parade of Homes to showcase several builders’ handiwork.
7. **Handling Objections:** Your prospective client may have some objections to the property or your service. Be prepared to answer their concerns with viable solutions. Objections are valid concerns that must be addressed, they are not excuses. If you provide solutions for your clients, these objections will be overcome, and a sale can be made. Excuses are typically made by people who are not prospective clients, and you should not be wasting time with these people, anyway.

**An Objection:** “I like the house, but I’m concerned there is no fence to contain our dog.”

**Two Solutions:** “As part of our offer, let’s make it contingent upon the current owner building a fence surrounding the property.”—or—“A wrought iron fence of the size you need costs around \$2,500. Instead of offering \$225,000, let’s offer \$222,000 to compensate for the cost and time of installing a fence yourself.”

**An Excuse:** “How may I help you?”  
“Oh, don’t worry about me, I’m just looking.”

8. **Close:** Encouraging people to make the decision to take action. This is where you bring out the contracts, and begin negotiations. In all forms of selling, closing is a continual process. It is gaining acceptance on minor points (trial closes) throughout the sales process, leading to final acceptance of the product. When you are confident that the prospects have accepted a property, and the property truly fulfills most of their wants and needs, lead them to the final decision. It is important to honestly feel you have found the right house for your prospects. It will do little good for you to draft an offer on a property only to have the buyers back out later.

It is usually obvious when the prospects have fulfilled emotional needs (found the house they want). Most of the buying signs will be evident. Timing is important. As soon as you recognize a buying sign use a trial close. You can never attempt to close too early but it is possible to wait until it is too late. Most people have developed sales resistance and have a natural tendency to want to procrastinate. For this reason several attempts to close may be necessary.

#### **Assumption (or Paperwork) Close**

The paperwork close is a form of assumption close. Many real estate agents use this method of closing. **Assume** that if the prospects allow you to fill in the contract they will sign it. Start by asking the easy questions:

“How do you want your names to appear on the deed?”

“When would you want occupancy?”

“Are there any special considerations you want me to note?”

Now proceed with the balance of the form, asking questions as you continue to fill out the agreement. When the buyers have accepted all of the information it is a simple matter to finalize the transaction:

- Ask the buyers if there are any questions.
- If not, ask them to approve, authorize, verify, or almost anything except “sign” the offer to purchase. Asking for a signature is threatening to some buyers.

If you have followed the foregoing procedures they will probably sign the purchase agreement without hesitation. They will have had ample time during the filling-in of the agreement to object to anything troubling them.

When salespeople have successfully completed these 8 sales functions, their rewards are:

- Listings
- Referrals
- Income
- Sales
- Repeat business

### **The Comparative Market Analysis (CMA)**

The Comparative Market Analysis is a tool used by real estate sales agents to persuade a prospective home seller to utilize their services. The CMA comes in a variety of forms; a written report, a laptop slide presentation, or an internet tour of their website. The primary focus of the CMA is to convince the would-be seller to list their home with you.

#### **What to include in a CMA**

- A list of your company's services
- A comparison of other agents' services to yours
- A personalized marketing plan for the prospect's home
- Tips to prepare the home to receive top market value
- A list of comparable properties on the market
- A sales price recommendation
- Information about relevant real estate facts in the area (Average # of days a home is on the market, median sales price, fastest growing areas, etc)

*See the following example provided by ERA Brokers Consolidated.*

### **PRACTICAL APPLICATIONS**

1. Identify the steps you would use to qualify a buyer. Explain why each step is important.
2. List 5 features of your home, and provide a benefit of each.
3. Create a Marketing Plan by describing how you would market a seller's home.

## **Introduction to Real Estate**

### **Chapter 6: The Selling Process**

**Standard:**    **The different types of prospects and customers.**  
(CIP #08.1701-0603)

- Objectives:**
- Identify the various buying motives.
  - Know how to appeal to different buying motives.
  - Identify various personality types and characteristics.
  - Know how to respond to the needs of different personalities.

## Understanding Prospects and Customers

**Information:** Consumers spend their money to meet three basic kinds of needs: physical, social, and psychological. **Physical needs** include the necessities of life such as food, basic clothing, and shelter. Physical needs also include the needs for others. **Psychological needs** involve the need for approval and prestige. To meet psychological needs, people buy things that show they have accomplished something.

### Identify the Various Buying Motives

No two people buy the exactly same goods and services to satisfy their needs. An individual looks for a particular style of home, while a friend prefers another style. Both, however, meet the same need. Each has a different motive for buying the home they do. There are different types of motives.

**Rational motives.** Consumers are motivated to think logically about a purchase. When they compare the prices and quality of similar homes, they are being rational.

**Emotional motives.** Feelings or attitudes cause a consumer to buy on impulse or to buy a product when logic tells them that they really cannot afford it. It also influences them to select a particular style, location, or amenities.

**Patronage motives.** Consumers often remain loyal to certain agents or offices. Companies and agents spend a great deal of money each year trying to win the loyalty of consumers to their services.

- Showing property is the process of helping buying prospects select and purchase the home which fulfills their needs and wants. This process can be time consuming and tedious or it can be a pleasant, rewarding experience.
- Buying a home is the third most traumatic event most people experience- preceded only by the death of a family member and divorce. Buying a home is also the largest financial transaction most people deal with in their lives. When you respect what the buyers are experiencing you will understand the emotions affecting them and respond appropriately to their emotional needs as well as their housing needs.
- The first important step in guiding prospects is to select a *limited* number of homes which match the conditions they have specified. An agent must determine three important factors about their prospects in order to successfully help them make the proper selection of homes to show:

**NEEDS (Requirements).** These are features the buyers are necessities, such as:

- a.) Size, number of bedrooms, number of baths and other basic criteria.
- b.) Location. This may be dictated by the need for closeness to certain schools, job location, transportation, or special services, ie, hospitals.
- c.) Price Range. It is important to establish the limits of the prospect's financial ability before you select properties. It is self-defeating to show homes out of the price range of the prospect.

**WANTS (Desires).** These features are not essential, only nice to have. They include such items as:

- a.) Fireplaces
- b.) Extra large yards, fences, trees, patios, decks, etc.
- c.) Finished basements, dens, numbers of garages.
- d.) Convenience of status amenities.

### **How to Appeal to Different Buying Motives**

Buyers will be motivated by a home which fits specified needs *and* wants, but focus on satisfying their needs before their wants. Without sufficient buyer motivation, you will not be able to find the right property. No real estate agent ever motivated a buyer to purchase a house that did not meet their emotional needs. It is not the real estate agent's job to motivate them, but to **determine what already motivates the buyer** then fulfill those existing motivational needs.

### **Personality Types and Characteristics (And Responses to Them)**

There are many personality descriptions, and many people possess characteristics of these following descriptions—which is in no way to be considered a complete list. You will come in contact with buyers of all descriptions. Which one most fits that of a real estate salesperson? Which one best fits your personality?

- **Artistic.** An artistic person is typically clever and original in their thinking. They are imaginative, and are often able too come up with solutions to problems that surpass the boundaries of thought that others set for themselves.

*Application: Frequently, in the real estate business, there are problems that arise with less-than-obvious solutions. The artistic person can see beyond the obvious and frequently solve problems that the "average" individual may not be able to see. Danger! It's great to be creative, but don't stretch beyond ethical limitations.*

- **Conventional:** A conventional individual is a practical person. Their goals are usually similar to expectations others hold for them. When solving a problem, they first think it through very thoroughly and approach it in a very logical, systematic way.

*Application: Being a fast paced business, real estate can be frustrating to this type of personality. An efficient and well-trained support staff can help take the pressure off an individual of this personality type.*

*Otherwise, this individual may become mired down in paper work, and miss out on the opportunities that a real estate career offers them. This type of individual is a "gold mine" in a support situation.*

- **Enterprising:** This personality type is full of energy, adventure, and enthusiasm in almost any task they undertake. They are frequently willing to spontaneously try out new experiences, and approaches these experiences with self-confidence. They are apt to be fairly talkative and skilled in persuading others to see things their way.

*Application: There is little this personality cannot accomplish once they set their mind to it. Their enthusiasm for their work creates a feeling of excitement for the potential home buyer or seller. Their self-confidence helps set the customer at ease; when they make a decision they usually feel good about it. Danger! Remember you are working for your clients or customers. Don't talk so much that they feel like they have been railroaded into their decision. In the end, it has to be their decision, not yours.*

- **Investigative.** An investigative person is a cautious and independent explorer. They analyze problems carefully by asking a lot of pertinent questions, cataloging the responses, and solving them. They are not embarrassed to ask the questions they need answered in order to come to an accurate conclusion.

*Application: Every real estate transaction comes complete with its own little bag of unique circumstances. The individual who is able to "get to the bottom of the bag" will often be able to solve their customer's problems in a manner that will make them a hero—or a jerk. There are times that those bags are filled with secret compartments that people don't want discovered, but doing so can save the agent—and anyone else involved in a transaction—a lot of grief. This type of person will not have the wool pulled over their eyes, and will not only make an excellent realtor, but will succeed as a mortgage loan processor or a title researcher.*

- **Realistic.** This individual is consistent and objective in their thinking. They are willing to try out different solutions vs. just thinking about them. This individual has definite ideas about how things should be done, and find it difficult to change except through actual experience.

*Application: A real estate agent of this nature will surround themselves with support individuals (mortgage company representatives, title companies, other agents, etc.) who are "tried and true", and remain loyal to them as long as they perform to expectations. They become well-known and respected by their peers, and will make changes when necessary only after careful scrutiny. This individual may find it difficult to change-with-the-times, and must be careful to avoid being left behind.*

- **Social.** This person likes people and is usually surrounded by friends. Solving problems is based on feelings (theirs as well as others). Many will seek them out for support and assistance.

*Application: If you don't like people, real estate is probably not the business for you, since that is what it is—a people business. The social person gives freely of themselves and is in tune to the needs of their customers. Once an individual has done business with an agent of their personality type, they will probably continue to call upon them for future transactions. The agent/client relationship will frequently evolve into a personal friendship. Caution! This type of individual will frequently be so concerned with the needs of their customers, that they will "give away the ship." Clients will love them, but it is a difficult way to earn a living if you become too generous.*

### **PRACTICAL APPLICATIONS**

1. Visit with an adult and ask them what they would be looking for if they were in the market for a new home. Be sure to question them about their specific needs and wants. Make a list of the items they mention. Locate at least three different advertisements in your local newspaper or a real estate magazine, that appear to fit their needs. Clip the ad and attach it to a separate piece of paper in which you have explained your selections and listed their motivations (needs and wants). Be sure you include addresses of the subject properties.
2. Using the information gathered in application #1, ask the person you selected the homes for to review the information and evaluate your selections. On a separate piece of paper indicate which house seemed to most appeal to them and why they chose what they did.
3. Take a personality test to determine your traits.

## **Introduction to Real Estate**

### **Chapter 6: The Selling Process**

**Standard:**     **The importance of ethics in real estate.**  
                  (CIP #08.1701-0604)

**Objectives:**     ●   Identify examples of Code of Ethics violations.

# Abbreviated REALTOR® Code of Ethics

*(See the NAR Code of Ethics and Standards of Practices for complete and detailed information)*

## **Code of Ethics Abbreviated to Say:**

*\***Bolded** words indicate primary focus of each Article. Underlined words are for added information.*

### **Article 1**

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS pledge themselves to **protect and promote the interests of their client**. This obligation to the client is primary, but it does not relieve REALTORS of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS remain **obligated to treat all parties honestly**.

### **Article 2**

REALTORS shall **avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property** or the transaction. REALTORS shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, **nor disclose facts which are confidential under the scope of agency or non-agency relationships** as defined by state law.

### **Article 3**

REALTORS shall **cooperate with other brokers** except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker.

### **Article 4**

REALTORS shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS shall **reveal their ownership or interest** in writing to the purchaser or the purchaser's representative.

### **Article 5**

REALTORS shall **not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest** unless such interest is specifically disclosed to all affected parties.

### **Article 6**

REALTORS shall **not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent**.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees,

other than real estate referral fees, the REALTOR or REALTOR's firm may receive as a direct result of such recommendation.

**Article 7**

In a transaction, REALTORS shall **not accept compensation from more than one party**, even if permitted by law, **without disclosure to all parties and the informed consent of the REALTOR's client or clients**.

**Article 8**

REALTORS shall **keep in a special account** in an appropriate financial institution—**separated from their own funds—monies coming into their possession** in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

**Article 9**

REALTORS, for the protection of all parties, shall assure whenever possible that **all agreements related to real estate transactions** including, but not limited to, listing and representation agreements, purchase contracts, and leases **are in writing in clear and understandable language** expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing.

**Article 10**

REALTORS shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. REALTORS shall **not be parties to any plan or agreement to discriminate against a person or persons** on the basis of race, color, religion, sex, handicap, familial status, or national origin.

**Article 11**

The services which REALTORS provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS shall **not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence** unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth.

**Article 12**

REALTORS shall be careful at all times to **present a true picture in their advertising** and representations to the public. REALTORS shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as REALTORS is clearly identifiable in any such advertising.

**Article 13**

REALTORS shall **not engage in activities that constitute the unauthorized practice of law** and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

**Article 14**

**If charged with unethical practice** or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS **shall place all pertinent facts** before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes.

**Article 15**

REALTORS shall **not knowingly or recklessly make false or misleading statements about competitors**, their businesses, or their business practices.

**Article 16**

REALTORS shall **not engage in any practice** or take any action **inconsistent with exclusive representation** or exclusive brokerage relationship **agreements that other REALTORS have with clients.**

**Article 17**

**In the event of contractual disputes** or specific non-contractual disputes **between REALTORS associated with different firms**, arising out of their relationship as REALTORS, **the REALTORS shall submit the dispute to arbitration in accordance with the regulations of their Board or Boards rather than litigate the matter.**

In the event clients of REALTORS wish to arbitrate contractual disputes arising out of real estate transactions, REALTORS shall arbitrate those disputes in accordance with the regulations of their Board, provided the clients agree to be bound by the decision.

The obligation to participate in arbitration contemplated by this Article includes the obligation of REALTORS to cause their firms to arbitrate and be bound by any award.